

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AEC-11 CIAE-00 H-03 INR-11 IO-14

L-03 NSAE-00 OIC-04 OMB-01 PA-04 PM-07 PRS-01 SAJ-01

SAM-01 SP-03 SS-20 USIA-15 TRSE-00 RSC-01 NSC-07

DODE-00 ACDA-19 EB-11 DRC-01 /175 W
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R 161042Z JUL 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0866

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 17254

E.O. 11652: GDS

TAGS: ENRG, EAL, FR

SUBJECT: THE FRENCH AND ENERGY COOPERATION

1. WE HAVE REPORTED PREVIOUSLY THAT FRENCH APPEAR READY
TO JOIN INTERNATIONAL COOPERATIVE ENERGY WORK UNDER
CERTAIN CIRCUMSTANCES. GIVEN THE POSSIBILITY THAT,
FOLLOWING PRESENT PHASE OF ECG WORK, INSTITUTIONAL
FRAMEWORK CAN BE DEVELOPED WHICH WILL ENABLE FRENCH TO
PARTICIPATE, WE HAVE ATTEMPTED TO ESTIMATE WHAT KIND OF
PARTNERS THEY WOULD BE.

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2. TO BEGIN WITH THE POSITIVE: THE FRENCH SHARE MANY OF OUR BASIC CONCERNS ABOUT THE NATURE OF THE PROBLEM. MANY GOF OFFICIALS (PRIMARILY AT TECHNICAL LEVEL BUT ALSO INCLUDING GISCARD) HAD DOUBTS ALL ALONG ABOUT THE PREVIOUS GOVERNMENT'S POLICY AND HAVE CONSISTENTLY BEEN OPEN TO WIDER COOPERATIVE STEPS; WE BELIEVE THAT THEY WILL BE GIVEN MORE OF A VOICE UNDER THE NEW GOVERNMENT. MOREOVER, FRENCH ANALYSIS OF THE PROBLEM HAS NOW BROADENED TO ENCOMPASS ITS WIDER FINANCIAL TRADE, AND DEVELOPMENTAL ASPECTS RATHER THAN THE NARROW SUPPLY-ORIENTED CONSIDERATIONS WHICH UNDERLAY MUCH OF ORIGINAL GOF GO-IT-ALONE APPROACH. IN VIEW OF PROJECTED BOP DEFICIT OF \$6 BILLION FOR 1974, FRENCH RECOGNIZE OVERRIDING IMPORTANCE OF PROBLEM, AND HAVE CONSEQUENTLY TAKEN SOME OF STRONGEST STEPS IN EUROPE IN EFFORT TO DEAL WITH IT. THEY HAVE LAUNCHED COMPREHENSIVE PROGRAM TO REDUCE CONSUMPTION OF OIL (PARTICULARLY HEATING OIL), WHICH IS 99 PERCENT IMPORTED. THEY HAVE LIKEWISE LAUNCHED A VERY AMBITIOUS PROGRAM TO INCREASE THEIR OWN ENERGY CAPACITY THROUGH MASSIVE NUCLEAR PROGRAM. HAVING COMMITTED THEMSELVES TO STRONG DOMESTIC ENERGY PROGRAM, THEY RECOGNIZE NEED FOR COMPLEMENTARY STEPS IN INTERNATIONAL ARENA. WE BELIEVE THEY CAN THEREFORE BE EXPECTED TO GIVE USEFUL SUPPORT FOR MOVES TOWARD REDUCING PETROLEUM CONSUMPTION, EXPEDITED DEVELOPMENT OF ALTERNATIVES, OR R&D SHARING IN AN INTERNATIONAL CONTEXT. AS FOR THE IEP, WE HAVE FOUND THAT GOF OFFICIALS -- ALTHOUGH CONTINUING TO RESIST THE FORMATION OF SPECIAL NEW ORGANIZATIONS FOR THE PURPOSE, AND CONCERNED THAT ANY SHARING OF RIGHTS AND RESPONSIBILITIES BE EQUITABLE -- SUPPORT THE GENERAL CONCEPT OF A COMPREHENSIVE SHARING/RATIONING PLAN. WE BELIEVE THEY WILL ALSO BE PREPARED TO GIVE REAL TEETH TO ANY SUCH COOPERATIVE EFFORT, AND WILL BE FAVORABLE TO PROPOSALS (THEY MAY EVEN HAVE SOME THEMSELVES) DESIGNED TO STRENGTHEN OECD OR OTHER EXISTING BODIES FOR THE PURPOSE.

3. WE WILL NOT ALWAYS SEE EYE TO EYE, HOWEVER. THE GISCARD GOVERNMENT MAY BE MORE PRAGMATIC THAN ITS

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 17254

PREDECESSOR, BUT IT WILL BE NO LESS LIKELY TO LOOK TO
FRENCH NATIONAL INTERESTS FIRST. SOME SUSPICIONS OF US
MOTIVES WILL LURK IN THE BACKGROUND, AND ANY EFFORT BY
US (REAL OR PERHAPS IMAGINED) TO USE THE ENERGY FORUM
FOR US BENEFIT WILL BE CONTESTED. THE FRENCH WILL,
MOREOVER, JUDGE OUR ACTIONS AND POLICIES CRITICALLY IN
VIEW OF THEIR SUBSTANTIAL IMPACT ON FRANCE'S OWN POSITION
AND EXPECTATIONS. THEY WILL BE WATCHING OUR PERFORMANCE
ON A BROAD VARIETY OF FRONTS: PROJECT INDEPENDENCE, COAL
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EXPORT POLICY, OUR ATTITUDE TOWARD THE OIL COMPANIES AND

THEIR PRICING PRACTICES, OUR READINESS TO SHARE DOMESTIC PRODUCTION IN EMERGENCIES, R&D SHARING, MECHANISMS FOR AN EQUITABLE RECYCLING OF PETRODOLLARS, ETC. WE WILL UNDOUBTEDLY HAVE DIFFERENCES ON THESE ISSUES FROM TIME TO TIME: DIFFERENCES WHICH WILL BE UNDERLAIN BY A FRENCH SUSPICION THAT OUR PREDILECTION FOR POLICIES BASED ON THE MARKET MECHANISM SIMPLY DISGUISES A WINNER-TAKE-ALL POLICY LOADED IN OUR FAVOR.

4. WHILE THESE DIFFERENCES ARE IMPORTANT, THEY ARE MANAGEABLE. IT IS CLEAR THAT FRENCH NOW RECOGNIZE THAT JOINT PROGRAMS BETWEEN OIL CONSUMERS ARE NECESSARY IN ORDER TO REDUCE DANGERS OF ECONOMIC CHAOS: THAT SUCH PROGRAMS NEED NOT PROVOKE CONFRONTATIONS WITH OIL PRODUCERS: AND THAT THEY IN FACT CAN PROVIDE A BASIS OF ECONOMIC STRENGTH WHICH CAN EFFECT THE TERMS OF TRADE. WE BELIEVE, IN SHORT, THAT FRENCH ARE PREPARED TO BE SERIOUS AND CONSTRUCTIVE MEMBERS OF THE EFFORT ORIGINALLY LAUNCHED BY THE WEC.

5. FRENCH COOPERATION MAY INDEED BE NECESSARY FOR CONTINUED FORWARD PROGRESS, IF ONLY BECAUSE OF THEIR POTENTIALLY BLOCKING POSITION AS EC CHAIRMAN FOR THE NEXT PERIOD. WE BELIEVE AN ESSENTIAL ELEMENT OF OBTAINING THIS COOPERATION WILL BE TO CONSULT WITH GOF ON ENERGY QUESTIONS AS OFTEN AND OPENLY AS POSSIBLE OVER THE COMING PERIOD.

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